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DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

KEITH W. COOLEY
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Senate Bill 123 (As Introduced)

Topic: Nonprofit Corporations
Sponsor: Senator Sanborn
Co-sponsors: Senators Richardville, Hardiman, Garcia, McManus, VanWoerkom, Olshove, and Cropsey
Committee: Senate Economic Development, Small Business and Regulatory Reform

Date Introduced: January 30, 2007

Date of Summary: March 23, 2007

The bill amends the Nonprofit Corporations Act to permit electronic transmission of documents. The bill declares electronic transmission to be equivalent to notice in writing. If a document was not originally submitted electronically, the administrator is prohibited from giving written notice by electronic transmission.

A board of directors may hold a shareholder meeting solely by means of remote communication. The notice of the meeting is required to include a description of the means of remote communication to be used. Shareholders and members not physically present may participate in a shareholder meeting by remote communication subject to guidelines and procedures adopted by the board of directors. Such persons are considered present in person and may vote if the following conditions are met:

- The corporation implements reasonable measures to verify that each person considered present and permitted to vote is a shareholder.
- The corporation implements reasonable measures to provide each shareholder and member a reasonable opportunity to participate in the meeting and to vote on matters submitted. This includes an opportunity to read or hear the proceedings substantially concurrently.
- A record of the vote or other action taken by any shareholder or member.
- A shareholder or member may be present and vote at an adjourned meeting by means of remote communication if he or she was permitted to be present and vote by that means in the original meeting notice.

Any notice given to a shareholder or member by a form of electronic transmission to which the shareholder or member has consented is considered effective.

The list of shareholders or members entitled to vote at a meeting continues to be required to be open to examination by any shareholder or member attending the meeting. At meetings held solely by means of remote communication, some means must be created for any shareholder or member to review the list on an electronic network.

The articles and bylaws of the corporation may provide for voting by electronic transmission.

“Electronic transmission” is defined as any form of communication that meets all of the following:

- It does not directly involve the physical transmission of paper;
- It creates a record that may be retained and retrieved by the recipient;
- It may be directly reproduced in paper form by the recipient through an automated process.